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ABSTRACT

This annual report of the Greater Minneapolis Day Care Association (GMDCA) details the accomplishments of the organization for 2001-2002. The report begins with a letter from the executive director focusing on need to continue funding for the Basic Sliding Fee Child-Care Assistance program to help low- and moderate-income working families. The report then describes how the GMDCA responds to family needs by offering child care assistance on a sliding fee scale. The experiences of three families are highlighted, one family in which both parents work and receive child care assistance, a one-parent family that waited 12 months for child care assistance, and a 2-parent family receiving assistance through the At-Home-Infant Care program to allow the mother to provide at-home care for their premature infant. Charts portray the annual income and expenses for a family of 4 to illustrate an annual deficit of over $3,000. A second chart illustrates the industries employing families that receive child care assistance through GMDCA. The report then lists GMDCA services provided in 2001-2002 and includes a financial statement of the GMDCA. Completing the annual report is a list of board members, volunteers, and donors. (KB)

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TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

Child Care Assistance: Helping Families Work

Greater Minneapolis Day Care Association
2001-2002 Annual Report

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January 2003

Dear Friends,

We know the social value of caring for our youngest children. We've argued about the balance between societal and personal responsibility. Facing a massive budget deficit, our elected officials are saying that like a family, we (i.e., the government) have to tighten our belt and live within our means. But we cannot ignore three stark realities facing low- and moderate-income working families:

Families with young children are at the low end of their earning potential; maintaining a basic standard of living uses up a substantial portion of their disposable income; and even living modestly, it is very difficult for families to manage without two incomes.

The Basic Sliding Fee Child-Care Assistance program offers short-term support to help low- and moderate-income families balance these realities. Although the program has long waiting lists, it is fair for families and addresses market rates that work well for child-care providers. The program encourages work and self-sufficiency, supports the needs of young children, and allows for parent choice in selecting child care.

Through a contract with Hennepin County, GMDCA administers the "non-welfare" portion of the program. Last year, GMDCA provided child-care assistance to 1,438 families. The average family receiving assistance had 1.67 children, earned between $25,000-30,000 annually, received an average monthly child-care assistance grant of $926 and had a monthly co-payment of $140.

This year, legislators will be tempted to tinker with eligibility and reduce funding for the program. But in tough economic times, our elected officials must weigh the consequences of these actions. Low- and moderate-income working families are truly one paycheck away from homelessness. With soaring housing and health-care costs, families with young children also have to juggle the high cost of child care. Families are stretched to their limit. Those with one infant in full-time child care in Hennepin County pay between $7,500 and $12,000 annually, depending on the type of care. The cost of care for two young children is between $14,000 and $20,000. Middle-income families reel at the sticker shock. Low- and moderate-income families are forced to make impossible choices: which bills do they NOT pay? Is it better to quit work and go on welfare? Or should they put their children in substandard care?

The full-time earnings of employees in service sector jobs such as nurse's aides, bank tellers, child-care workers, and ambulance drivers are so low that any one of the "essentials" eats up a considerable portion of their income. A bank teller, for example, earning $21,500 a year* would pay about 35% of her income for licensed infant care. With child-care assistance, she would have a manageable co-payment of $76 a month, leaving more for other necessities. The Minnesota Basic Sliding Fee program helps families work. It makes it possible for parents raising young children to continue working. Most importantly, it provides safe care for children. Minnesota's children and families are worth the investment.

Sincerely,

Sharon Henry-Blythe

Sharon Henry-Blythe,
Executive Director

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*2001 Twin Cities Metropolitan Area Occupational Employment and Wage Estimates, U.S. Department of Labor, Bureau of Labor Statistics

Cover drawing by Emily Hagie

Critical for Families

"This program is a life-saver—without it I would be on welfare."

Responding to family needs: In 1975, GMDCA piloted Minnesota's first child-care assistance program offered on a sliding fee scale. Funded by Minneapolis Community Development Block Grant dollars, the program began in Hennepin County in response to needs of working families earning slightly above poverty-level wages (between 60 to 75% of the state median income). At the time, only poverty-level families were eligible for child-care benefits.

"Now I feel like I can provide for my family. When I was on the waiting list I had to work two jobs, I was never home, and my family suffered. I couldn't even afford food and gas. Now, I can pay my bills and bring my children to good child care. I'm home now to help with homework."

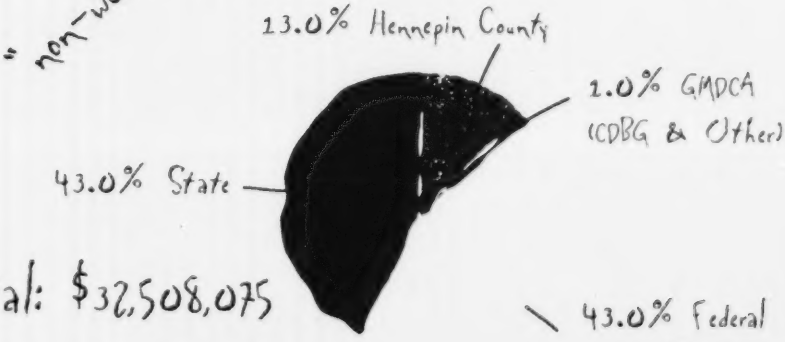
In the early 1980's, the state legislature decided to pilot the program, launching it with an annual budget of about $100,000. As counties began to document needs and the demands grew, advocates successfully lobbied for expansion. This year, the program will serve more than 4,500 families in Hennepin County alone, with an annual budget of just over $31 million (see below for current funding sources). Eligible families pay between 2% and 20% of their gross family income to purchase child care at the legal provider of their choice. Originally, eligible families paid no more than 15% of their income for child care, but Minnesota legislators changed the guidelines in 1999 and increased family co-payments.

How the program helps families: The purpose of Basic Sliding Fee program is to support families as they work, go to school, or participate in job search activities. Over 70% of eligible families are employed, most earning between $12,000 and $22,000 annually. Without child-care assistance, families would pay more than 30% of their income for child care (see Monthly Expenses for a Family of Four, page 5.)

Challenges ahead: As of December 2002, more than 3,000 families in Hennepin County are waiting for assistance. Eligible families have to wait as long as 10 to 12 months for assistance. To make matters worse, Minnesota's budget deficits threaten the effectiveness of this program. In recent years, attempts have been made to drastically reduce access to the program by raising family co-payments and lowering eligibility. If this happens, more families will turn to welfare and/or leave their children in unstable child-care situations. Children will fare worse as economic and family stresses impact their lives.

"My son's child-care provider is great; she really knows him and he learns every day. I know it's good for him to see me working and handling my responsibilities. At the same time, he's getting wonderful care."

Funding sources of child care assistance for "non-welfare" families in Hennepin County



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Working

Patrick and Norma Wilson, parents of three children, both work. But without the help of the Basic Sliding Fee child-care assistance program, the Wilsons would have to pay more than half their gross family income for child care. Patrick sells shoes in a department store for $8.50 an hour and Norma works for an insurance company earning $12 an hour. Their children are 8-year-old twins Aaron and Alyssa and 4-year-old Kevon.

When the twins were younger, they were in a family child-care program full-time operated by a friend. Even with a "friend-of-the-family" discount, the Wilsons paid $200 a week for the two children. "And that was a struggle," said Norma. Today, care for their three children averages $1,670 a month. With child-care assistance, the Wilsons have a manageable co-payment of $77 a month.

Assistance allows the Wilsons to choose high-quality child care without having to worry about the cost. Aaron and Alyssa attend Edina Kids Club, operated in their elementary school by the Edina School District. The children are in the program before and after school and during summers. "I like using the computer lab and playing in the gym," said Alyssa. Norma adds, "The children are happy and the program has provided them with consistency for three years."

Kevon, their preschooler, has attended a child-care center five minutes from their house since he was three months old. "The program is great," said Norma. "Now that Kevon is 4 years old, he is getting a good pre-school experience right in the child-care center."

Norma believes that without child-care assistance, their options would be limited. Either she would have to cut back to part-time work to care for their children, or she and her husband would have to work split shifts, leaving little time together as a family.

With child-care assistance, Norma and Patrick are both able to work to provide for their family, and their children benefit from stable, high-quality child-care programs.

Waiting

"It's pretty tough," said Angela Ferris, about having to wait 12 months for child care assistance. She and her 11-month old son, Daniel, are living off her 401(k). "Fortunately, I have this resource. I know many people don't," said Angela. "But it won't last much longer." It's been a rough two years for Angela, a resident of South Minneapolis.

Working as a machine operator at a plastics plant, Angela and several of her coworkers lost their jobs when the economy started to sour in 2000 and their company's sales fell. About the same time, Angela learned she was pregnant with her first child. She used up her unemployment benefits and was able to get public assistance for a few months right after her son's birth. She was ineligible for further assistance, however, when her 401(k) matured and was considered an asset. To earn extra income while at home with her infant, Angela provided child care for a friend until the friend was also laid off.

Angela called GMDCA in December 2002 to apply for child-care assistance only to find out there is a one-year waiting list.

Although Angela is grateful for the time she's had to be with her son, she needs to find a job. "I know I can't be choosy," Angela said. "Child care is expensive, and as a single parent, I need it even to look for work."

If Angela didn't have to wait a year, she could use child-care assistance for 5 to 10 weeks while she looks for work. Assuming she lands a job that pays approximately $12 an hour, her child-care assistance co-payment would be $145 a month compared to $600 to $1,000 each month for child care. Without assistance, Angela will have to pay 30% or more of her income for child care. Unfortunately, it looks like Angela and Daniel have another challenging and uncertain year ahead.

Today, approximately 3,000 families are on the waiting list in Hennepin County for child care assistance.

At-Home

Alysha Baumgardt, now a healthy 18-month old, was born five weeks premature. The At-Home-Infant Care (AHIC) program allowed Alysha's mother, Rose Sparber, to stay at home and provide the care Alysha needed to thrive.

The goal of the AHIC program, which is funded by the Minnesota State Legislature, is to help working parents stay at home longer after the birth of their infants. Families are eligible for a monthly stipend based on their income and can access AHIC for a lifetime maximum of 12 months.

Rose Sparber and Corey Baumgardt used the full 12-month allotment with Alysha, their only child, because of unexpected circumstances. Rose was put on bed rest at 7-1/2 weeks into her pregnancy and eventually lost her job working with vulnerable adults.

At the same time, Corey was laid off because the company he worked for was sold and moved to Texas. "We used up all of our savings," said Rose. "Without AHIC, we would have become homeless. For the first year of Alysha's life, AHIC provided the only income (approximately $349 a month) we could rely on."

Rose is still at home with Alysha full time, although AHIC assistance has ended. Rose and Corey continue to struggle financially. In fact, Rose said, "We're hardly making it, but we feel strongly about caring for Alysha ourselves." Rose is committed to providing pumped breast milk for Alysha. Rose believes it would have been impossible for her to have maintained a job and pump milk for Alysha every 2-3 hours while she was in child care.

The AHIC program was a lifesaver for Rose, Corey, and Alysha. "The money spent on the AHIC Program is a worthwhile investment because the more time parents have with their babies," Rose asserts, "the fewer problems they will have when their children are older."

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Financial

Who needs help paying for child care?

Occupations	Mean Annual Income*
Health Care & Social Services	
Ambulance Driver & Attendant	$22,330
Home Care Aide	$20,270
Nursing Aide	$24,720
Child Care Worker	$17,840
Pre-School Teacher	$23,700
Retail	
Cashier	$17,500
Retail Sales	$21,950
Finance & Insurance	
Bank Teller	$21,500
Hospitality	
Housekeeping	$19,580
Other Services	
Parking Lot Attendant	$18,040
Educational Services	
Teacher's Assistant (K-12)	$23,210
Other	
Machine Operator	$26,410
School Bus Driver	$25,620
Receptionist	$22,550
Janitor	$21,220
Baker	$22,450

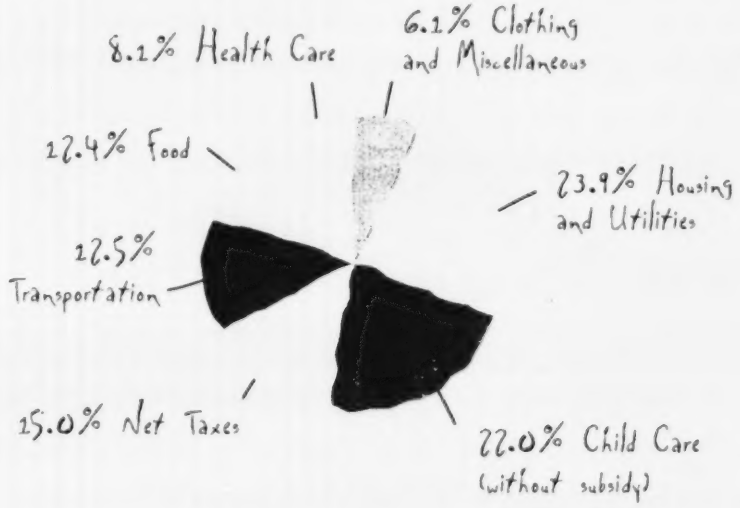
*2001 Twin Cities Metropolitan Area Occupational Employment and Wage Estimates U.S. Department of Labor, Bureau of Labor Statistics

Realities for Working Families

Some jobs don't pay enough to cover the necessities.

Annual Expenses for a Family of Four

(Two parents with two children, ages 2 and 6)



Housing/Utilities[1]	$11,640
Child Care (without subsidy)[2]	10,704
Net Taxes[3]	7,332
Transportation	6,084
Food	6,060
Health Care[4]	3,948
Clothing/Miscellaneous	2,964
Total	**$48,732**
Annual Household Income at $21.76/hour for 40 hours/week*	45,261
Annual Deficit	**– $ 3,471**

*This amount is 251% of the Federal Poverty Guideline and would make this family ineligible for child care assistance if proposed legislation passes.

Notes (All data, except child care costs, compiled by Jobs Now Coalition, St. Paul, MN for metro area, 2000; housing and clothing expenses are for 1999):

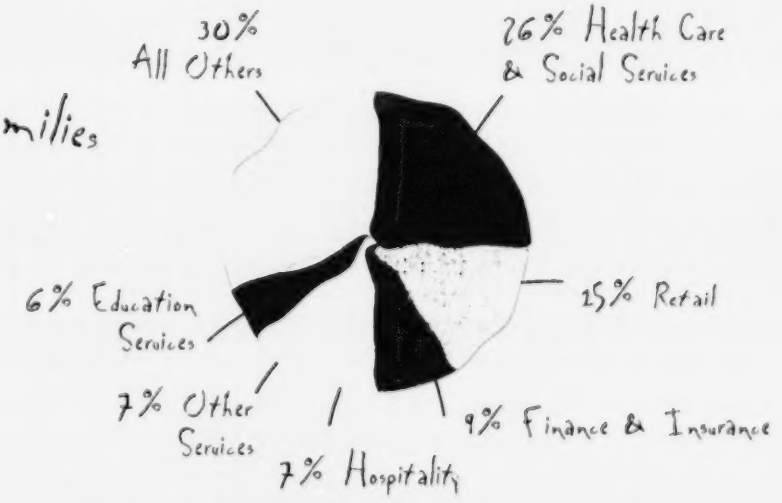
[1] Three bedroom apartment with utilities and phone

[2] Average cost for a toddler and a school age child in Hennepin County; under the current program, this family would receive a subsidy of $730 per month.

[3] Includes state, federal, social security, and Medicare taxes as well as deductions and earned income credit

[4] Includes premiums, co-pays, and out-of-pocket expenses through an employer sponsored plan.

Industries Employing Families that Receive Child Care Assistance Through GMDCA (Dec. 2002)



GMDCA Financial Highlights

To the Board of Directors
Greater Minneapolis
Day Care Association
Minneapolis, MN

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial position of Greater Minneapolis Day Care Association as of June 30, 2002 and the related statements of financial position, functional expenses and cash flows for the year then ended (not presented herein); and in our report dated August 28, 2002, we expressed an unqualified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

Kaliher, Passolt
& Co., Ltd.
Minnetonka,
Minnesota
August 28, 2002

Greater Minneapolis Day Care Association
Statement of Financial Position
June 30, 2002 and 2001

ASSETS	2002	2001
Current assets		
Cash and cash equivalents	$ 1,215,430	$ 875,629
Accounts receivable	369,435	881,335
Notes receivable	131,987	127,406
Grants receivable	5,776	5,776
Total current assets	1,722,628	1,890,146
Building and equipment, at cost		
Building (net of accumulated depreciation of $184,575 in 2002 and $169,570 in 2001)	288,038	303,044
Equipment (net of accumulated depreciation of $245,858 in 2002 and $219,204 in 2001)	23,671	42,550
	311,709	345,594
Total current assets	$ 2,034,337	$2,235,740

LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$23,991	$27,050
Refundable advances	91,405	477,387
Accrued liabilities	7,053	1,319
Total current liabilities	122,449	505,756
Net assets		
Unrestricted		
Designated	128,600	227,411
Undesignated	564,430	489,939
	693,030	717,350
Temporarily restricted	1,218,858	1,012,634
Total net assets	1,911,888	1,729,984
Total liabilities and net assets	$ 2,034,337	$2,235,740

Program Services (includes $8,894,485 in Program Pass-thru Dollars)	$10,803,675
General Administration	121,764
Fund Raising	29,736
Total	$10,955,175

Revenue

$11,137,079

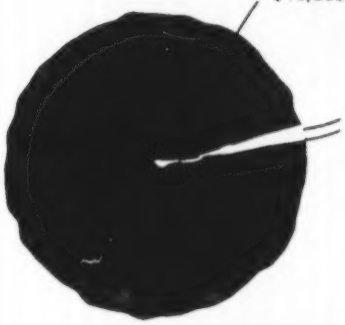
Government:
$10,712,286 (96.2%)

Service Fees:
$45,479 (0.4%)

Other: $379,314 (3.4%)

Expenses

$10,955,175



Program Services
$10,803,673 (98.6%)

General Administration
$121,764 (1.1%)

Fundraising
$29,736 (0.3%)

GMDCA Board Members for 2001-2002

Deborah Achor,
Hennepin County Library

Louis Alemayehu,
Parent & Community Representative

Gwen Bush,
Minneapolis Public Schools

Judy Canney,
Minneapolis Technical and Community College

Darcy Folger,
New Horizon Kids Quest

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Patricia Ray,
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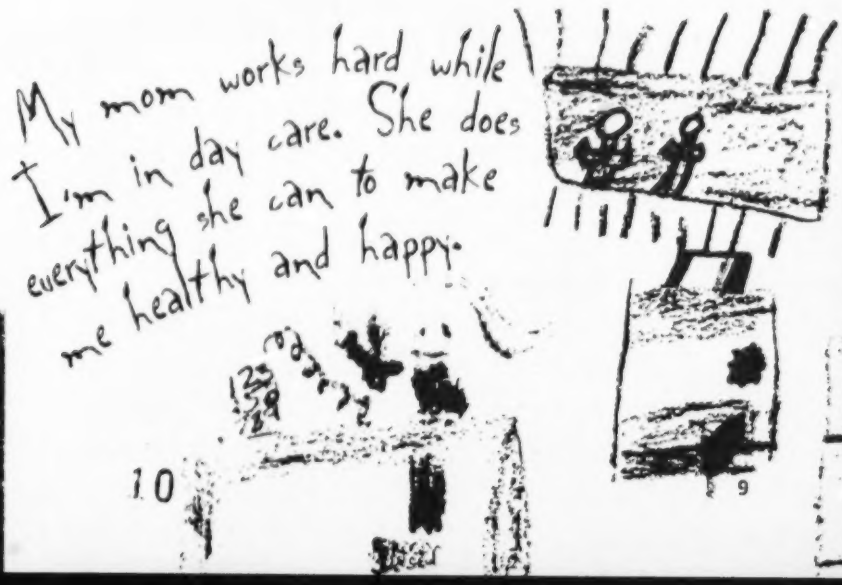

Drawing by Jada, age 8

GMDCA Services 2001-2002

Referral Services for Families

Helping families find child care — GMDCA helped 4,785 families with 6,748 children find child care. Referrals to 268 employer families through CareQuest and 2,775 referrals to families eligible for child-care assistance were made. Outreach included participation at nine off-site events. In preparation for conversion to a new software program in July 2002, GMDCA staff collected and entered new provider data and worked with our state and national member organizations to test the software.

Child Care Assistance for Families

Helping families pay for child care — GMDCA coordinated 15 child-care subsidy programs, including Basic Sliding Fee, which provided child care assistance to 1,438 low- and moderate-income families in Hennepin County with 2,393 children.

Unmet needs — Last year, 3,420 new families were added to the Basic Sliding Fee waiting list in Hennepin County. As of December 2002, only 1,063 of these families were sent applications for the program.

Provider Support Services

In-Service Training — GMDCA offered 263 training topics to 4,391 participants. Classes were offered in Spanish, Somali and Hmong, in addition to English.

Training Collaborations — We partnered with other metro child-care organizations to facilitate the annual Infant Toddler Training Intensive conference for 215 participants. We collaborated with the University of Minnesota's Early Literacy Training Project to recruit staff from 15 Minneapolis centers to participate in early literacy training.

Technical Assistance — GMDCA staff provided assistance over the phone, as well as materials, to 3,750 providers. The Home Care Line was published and sent three times in 2002 to all licensed family child-care providers in Hennepin County.

Consultation & Networking Support — We provided expanded consultations to 20 providers in their first year of business through the STEP (Start-up Training and Education for Providers) program. Participants received four home visits and earned six in-service credits towards their Child Development Associate certificate. On-site consultations and networking meetings were held for both center and family child-care providers through Family Child Care Network, Special Needs Coordinators, and Neighborhood Provider Groups serving 275 providers.

Toy Lending Library (TLL) — A total of 207 providers borrowed more than 700 items from the TLL to enhance their child-care programs. To allow more convenient access to the TLL, GMDCA added one Saturday per month in addition to regular weekday hours.

Strong Beginnings — Fifteen Strong Beginnings school readiness programs in Minneapolis provided an enhanced pre-school learning environment for 90 at risk children, ages 3 to 5. The programs also offered services to families in language and child development, literacy, and kindergarten registration.

Community Support

Renovation Loan Program — In partnership with the City of Minneapolis, GMDCA helped 38 child-care providers in Hennepin County create healthier and safer care environments for approximately 767 children. Loans are available to eligible centers and family child-care providers for indoor and outdoor improvements. Priorities for renovation include addressing indoor air quality hazards that could affect children's development.

Child-Care Service Development Grants — GMDCA awarded state-funded grants to 167 Hennepin County providers for start-up, emergency, equipment, improvements, and training needs, thus improving care for approximately 2,672 children.

Healthy Environments for Early Learning (HEEL) — Through moisture control and better ventilation, the air quality of 19 family child-care homes was improved significantly, while lead hazards were reduced in 17 child-care homes. GMDCA also offered training to 162 providers on maintaining a healthy child-care environment.

Culturally Specific Outreach Activities — GMDCA provided training and technical assistance to more than 225 licensed and unlicensed providers, impacting the lives of nearly 1,000 children. These activities were accomplished using a combination of subcontracted work and bilingual staff (Hmong/English and Spanish/English).

GMDCA Donors & Volunteers

Individuals

Dr. Don & Maudella Albright
Dale Anderson
Linda Baum
Duane and Connie Bell
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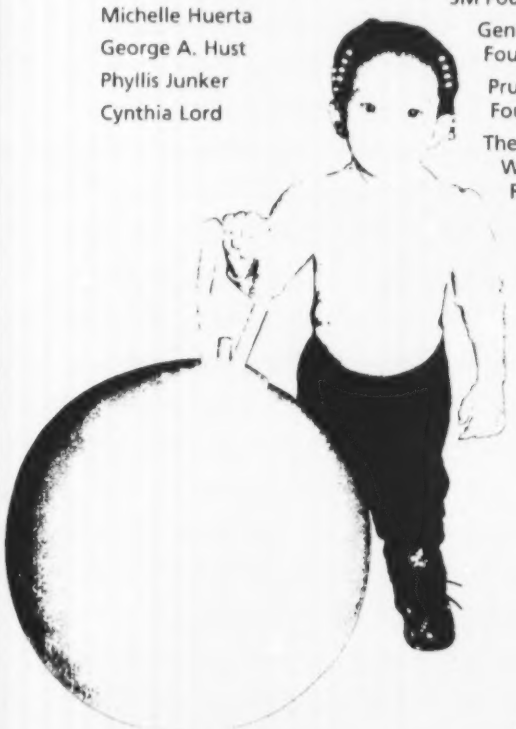

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